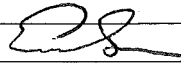




Subject: SB 1220 (DeSaulnier and Steinberg; Atkins, principal co-author)
Housing Opportunity and Market Stabilization HOMeS) Trust Fund

Recommend Position: Support

CITY COUNCIL ACTION REQUEST

<u>Department:</u> Housing	<u>CEQA:</u> N/A	<u>Coordination:</u> CMO and CAO	<u>CMO Approval:</u>  <u>Dept. Approval:</u> /s/ Leslye Corsiglia
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RECOMMENDED ACTION:

Approve support for SB 1220 – Housing Opportunity and Market Stabilization (HOMeS) Trust Fund.

BILL SYNOPSIS:

SB 1220 would create a new State fund called the Housing Opportunity and Market Stabilization (HOMeS) Trust Fund, a permanent source of funding for the creation of affordable housing for low- and moderate-income Californians. If enacted, a fee of \$75 would be imposed on the recordation of all real estate documents, excluding documents related to the sale of a property, to support the development, acquisition, rehabilitation and preservation of affordable homes, including transitional and permanent rental housing, foreclosure mitigation, and homeownership opportunities. It is estimated that this fee will generate approximately \$525 million each year for affordable housing in California. Since the proposed fee is considered a tax under State law, it will need a 2/3 vote of the Legislature.

IMPACTS TO CITY OF SAN JOSE:

If created, HOMeS would provide much-needed funding to finance and build affordable housing units in San Jose, which has added importance with the loss of 20% Low and Moderate Income Housing funding as a result of the dissolution of the State's redevelopment agencies. Funding is critically needed in order to increase, preserve and improve the City's affordable housing stock, creating the units needed to house the City's workforce as well as to ending chronic homelessness. While the bill contains no allocation method for distributing these funds or the scope of eligible uses, it represents a critical first step in identifying a permanent source of funding for California's dormant and empty Housing Trust fund that was created in 1985. If approved, California would join 38 other states that already have housing trust funds with permanent ongoing revenues, including five—Missouri, Ohio, Oregon, Pennsylvania, and Washington—that have dedicated ongoing revenues generated by document recording fees.

The Council heard this bill on March 20th, however the bill did not receive the six votes necessary for passage. Staff was asked to bring the bill back for Council reconsideration. Since that time, the California Association of Realtors (CAR) and the local Santa Clara County Association of Realtors have announced their support of the bill based on the exclusion of documents related to point of sale transactions.

POLICY ALIGNMENT:

This bill aligns with the Council-approved *2012 Legislative Guiding Principles and Priorities* to support the creation of new permanent sources of funding for affordable housing at the State level.

SUPPORTERS/OPPONENTS:

Support: The bill is co-sponsored by Housing California and the California Housing Consortium. In addition to CAR, the bill has more than 150 recognized supporters, including the Silicon Valley Leadership Group and the California Building Industry Association.



Oppose: The bill is opposed by six organizations, including the California Taxpayers Association and the California Bankers Association.

STATUS OF BILL

The bill was introduced on February 23 and amended on April 12 and 16. It is scheduled for hearings in front of the Senate Transportation and Housing Committee on April 24 and the Senate Governance and Finance Committee on April 25. If passed by the Committees, the bill, a fiscal bill, will then go to Senate Appropriations Committee before a full vote of the Senate. Bills must pass out of their house of origin by June 1.

FOR QUESTIONS CONTACT: LESLYE CORSIGLIA, 408-535-3851